

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 ARA-06 NEA-06 AF-04 EUR-08 EA-06

PM-03 CIAE-00 NSC-05 NSCE-00 OES-02 SP-02 INR-05

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R 241235Z MAR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8125

INFO AMEMBASSY ALGIERS

AMEMBASSY TEHRAN

AMEMBASSY JIDDA

AMEMBASSY BRASILIA

AMEMBASSY NEW DELHI

AMEMBASSY KINSHASA

AMEMBASSY PARIS

AMEMBASSY TRIPOLI

AMEMBASSY DOHA

AMEMBASSY ABU DHABI

AMEMBASSY LAGOS

AMEMBASSY JAKARTA

AMEMBASSY LIBREVILLE

AMEMBASSY QUITO

AMEMBASSY KUWAIT

AMEMBASSY BEIRUT

USMISSION OECD PARIS UNN

S E C R E T SECTION 1 OF 2 CARACAS 3230

LIMDIS

EO 11652: GDS

TAGS: ENRG VE

SUBJ: HOST GOVERNMENT POSITION FOR A CONSUMER/PRODUCER CONFERENCE

REF: STATE 58837

BEGIN SUMMARY. VENEZUELA WILL HAVE A COMMON POSITION WITH

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OTHER OPEC COUNTRIES THAT EXPECT TO ATTEND THE PARIS PREPARATORY

MEETING AND SUBSEQUENT CONFERENCE, BASED IN PRINCIPLES ADOPTED IN THE ALGIERS SUMMIT SOLEMN DECLARATION OF MARCH 6. GOV OFFICIALS HAVE NOT YET FOCUSED ON ALL THE ISSUES MENTIONED IN REFTTEL, NOR DECIDED UPON THE LEVEL OR COMPOSITION OF VENEZUELAN PARTICIPATION. PRESIDENT CARLOS ANDRES PEREZ HAS ON AT LEAST THREE PUBLIC OCCASIONS INDICATED VENEZUELA'S POSITION WITH RESPECT TO A DIALOGUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES.

END SUMMARY.

1. VENEZUELA WILL GO TO THE PARIS PREPARATORY MEETING AND THE PRODUCER/CONSUMER CONFERENCE, IF HELD, IN THE POSTURE OF A DEVELOPING COUNTRY, A MEMBER OF THE THIRD WORLD AND, LEAST OF ALL, AS A MEMBER OF OPEC. ALTHOUGH INDIVIDUALLY INVITED AS REPRESENTATIVE FROM THE PRODUCER COUNTRY RANKS, VENEZUELA WILL MAKE EVERY EFFORT TO SUBMERGE ITS IDENTITY INTO A SOLID LDC COMMON FRONT.

2. PRESIDENT CARLOS ANDRES PEREZ HAS CLEARLY SIGNED THE GROUP CONCEPT IN THREE IMPORTANT SPEECHES SINCE ALGIERS SUMMIT. IN HIS AIRPORT REMARKS ON RETURNING FROM ALGIERS, PEREZ NOTED THAT PRODUCERS AND OTHER DEVELOPING COUNTRIES WILL NOT AGREE TO DISCUSS ONLY PETROLEUM AT THE APRIL 7 PREPARATORY CONFERENCE, BUT WILL WANT TO DISCUSS OTHER RAW MATERIALS, CAPITAL GOODS AND TECHNOLOGY TRANSFER IN TERMS OF A NEW INTERNATIONAL ECONOMIC ORDER. EXPANDING ON THIS THEME IN HIS FIRST ANNUAL MESSAGE TO CONGRESS ON MARCH 12, PEREZ SAID THAT BONDS AMONG THE OPEC NATIONS WERE STRENGTHENED AS A RESULT OF THE ALGIERS SUMMIT. HE SAID THAT OPEC WILL CONTINUE TO AFFIRM THE "INEVITABLE, LEGITIMATE RIGHT OF NATIONS OF THE THIRD WORLD TO ECONOMIC INDEPENDENCE." THIS REMARK WAS TEMPERED BY A SUBSEQUENT STATEMENT THAT OPEC HEADS OF STATE DID NOT MEET TO DEFEND "EGOTISTICAL INTERESTS OF A GROUP OF NATIONS," NOR TO DEAL EXCLUSIVELY WITH COMMON PROBLEMS OF DEVELOPING NATIONS. INSTEAD OPEC SUMMIT LOOKED AT OVERALL PROBLEMS THAT THREATEN WORLD ECONOMY, STABILITY AND PEACE. BUT UNDER "NEW CONCEPTS OF INTERNATIONAL SOLIDARITY," PEREZ SAID OPEC CHIEFS HAVE LAID GROUNDWORK FOR BIATERAL DIALOGUES BETWEEN DEVELOPING AND DEVELOPED NATIONS "THAT WILL LEAD TO ESTABLISHMENT OF NEW INTERNATIONAL ECONOMIC ORDER ALREADY OUTLINED BY UNITED NATIONS AND BASED ON JUSTICE

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AND EQUITY."

3. AS IS HIS HABIT OF BUILDING UPON A PARTICULAR THEME OVER A SERIES OF PUBLIC UTTERANCES, PRESIDENT PEREZ FURTHER REFINED HIS CONCEPT IN MEXICO CITY SPEECH ON MARCH 18. THERE HE SAID THAT THE "BIPOLAR WORLD, WHERE TWO GREAT NATIONS HAVE PRETENDED TO SHARE THEIR INFLUENCE AND DICTATE NORMS OF INTERNATIONAL BEHAVIOR, HAS BEEN REPLACED BY MULTIPOLAR WORLD, BY

A WORLD IN WHICH THERE ARE NUMEROUS CENTERS OF POWER.
AND ONE OF THESE CENTERS OF POWER IS THE THIRD WORLD, THE
DEVELOPING WORLD."

4. VENEZUELA'S PRIMARY NATIONAL CONSIDERATIONS VIS-A-VIS OIL
POLICY HAVE BEEN AND CONTINUE TO BE TO OPTIMIZE ITS REVENUE FROM
OIL AND PROTECT ITS MARKET. WHILE OIL REVENUE FOR VENEZUELA
IS ENORMOUS COMPARED TO HISTORICAL EXPERIENCE, THE GOV HAS
MOVED RAPIDLY TO COMMIT THESE FUNDS THROUGH ITS BUDGET AND
NEW INVESTMENT FUND TO A WIDE VARIETY OF DEVELOPMENT AND
INTERNATIONAL AID PROJECTS. THE VENEZUELAN MINISTER OF MINES
REMARKED RECENTLY TO A VISITOR THAT HIS COUNTRY HAS
A GREATER PROPENSITY TO SPEND MONEY THAN TO EARN IT. ANY SERIOUS
EROSION OF THE OIL PRICE, WHETHER BY INTERNATIONAL AGREEMENT OR
MARKET FACTORS, WILL IMMEDIATELY BE FELT, AND REQUIRE DOWNWARD
ADJUSTMENTS OF GOV PROGRAMS. THEREFORE, PURELY NATIONAL
CONSIDERATIONS IN VENEZUELA'S CASE ARE CLOSELY LINKED TO A CARTEL
EFFORT, REINFORCED IN ITS THIRD WORLD MANTLE, TO MAINTAINING
THE OIL PRICE STRUCTURE AS CLOSE TO ITS PRESENT HIGH LEVEL AS
POSSIBLE.

5. DUE TO OTHER COMMITMENTS, THE GOV HAS NOT YET COMPLETELY
FOCUSED ON ALL THE ISSUES LISTED IN REFTEL. IT BEGAN ONLY ON
MARCH 20 A SERIES OF TECHNICAL LEVEL INTERAGENCY MEETINGS
TO DISCUSS POSITION AND STRATEGY FOR VARIOUS COMMITTEES SET
UP AT ALGIERS SUMMIT, SPECIFICALLY FOR FERTILIZER PROJECTS
STUDY COMMITTEE TO WHICH GOV WILL SEND TEAM FROM THE PETRO-
CHEMICAL INSTITUTE (IVP), AND FOR PARIS PREPARATORY CONFERENCE.

6. ON PROCEDURAL ISSUES, VENEZUELA CONSIDERS THAT THE CONFERENCE
WILL BE BILATERAL-DEVELOPED AND DEVELOPING COUNTRIES. ATTENDANCE
WILL BE LIMITED TO INVITED COUNTRIES AND NOT INSTITUTIONS. THE GOV
BELIEVES THAT UTILIZING THE UNITED NATIONS FORUM WOULD BE UNWISE
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AND PERHAPS FOREDOOM ANY CHANCE OF SUCCESS. PARTICIPATION
OF IEA WOULD IN THE GOV VIEW OPEN THE DOOR TO UNCTAD AND OPEC,
AND THE GOV WOULD PROBABLY OPPOSE IEA PARTICIPATION OR INSIST
THAT OTHER TWO INSTITUTIONS BE ALSO INVITED IF IT IS AGREED TO
PERMIT IEA ATTENDANCE.

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7. VENEZUELA'S OWN DELEGATION TO BOTH THE PARIS PREPARATORY MEETING AND THE EVENTUAL CONFERENCE IS STILL UNDECIDED. THE FRENCH INVITATION FOR THE APRIL 7 MEETING ASKED FOR HIGH LEVEL PARTICIPATION

,
BUT THE GOV WANTS TO KNOW AT WHAT LEVEL OTHER INVITEES WILL BE SENDING DELEGATIONS. IN ALL LIKELIHOOD, MANUEL PEREZ GUERRERO WILL HEAD DELEGATION TO PARIS. AS MINISTER OF STATE FOR INTER-
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NATIONAL ECONOMIC AFFAIRS IN THE PRESIDENT'S OFFICE HE DOES NOT HAVE DIRECT RESPONSIBILITY FOR ANY MINISTRY, AND COULD ATTEND PROTOCOL. GOV TEAM WILL ALSO INCLUDE APPROPRIATE LEVEL PARTICIPANTS FROM MINISTRY OF MINES AND HYDROCARBONS, FOREIGN COMMERCE

INSTITUTE AND FINANCE MINISTRY AND/OR CENTRAL BANK.

8. REGARDING FORMAT, GOV ENVISIONS MORE THAN ONE CONFERENCE. PERHAPS AN INITIAL LARGE CONFERENCE TO IDENTIFY ISSUES DURING WHICH COMMITTEES OR WORKING GROUPS WOULD BE SET UP TO PREPARE RECOMMENDATIONS FOR RESOLVING ISSUES. WORKING GROUPS WOULD THEN REPORT THEIR RECOMMENDATIONS TO SUBSEQUENT MEETING OF CONFERENCE, WHERE DECISIONS WOULD BE TAKEN ON RECOMMENDED ACTIONS.

9. GOV HAS NO FIRM OPINION ON LOCATION OF CONFERENCE, OTHER THAN THAT IT SHOULD NOT BE AT UNITED NATIONS. ALSO NO OPINION AS YET ON CHAIRMANSHIP OTHER THAN CURIOUS COMMENT THAT FRANCE MIGHT DEFER TO OTHER EC COUNTRY BOTH IN CONFERENCE ATTENDANCE AND ANY LEADERSHIP ROLE. GOV HAS HEARD BOTH MAY AND JULY AS PROSPECTIVE DATE OF CONFERENCE, BUT FEELS LATTER IS MORE LIKELY.

10. GOV CONSIDERS ISSUES TO BE DISCUSSED AT CONFERENCE WILL BE THOSE FOUR LISTED IN ARTICLE 5 OF THE SOLEMN DECLARATION OF THE ALGIERS OPEC SUMMIT. THESE, OF COURSE, ARE (1) EXAMINATION OF QUESTION OF ENERGY; (2) RAW MATERIALS OF THE DEVELOPING COUNTRIES; (3) REFORM OF THE INTERNATIONAL MONETARY SYSTEM; AND (4) INTERNATIONAL COOPERATION IN DEVELOPMENT TO ACHIEVE WORLD STABILITY. THESE ARE NOT CONSIDERED "ADDITIONAL ISSUES," BUT RATHER FUNDAMENTAL ISSUES. VENEZUELA WOULD PROBABLY NOT AGREE TO GO TO CONFERENCE UNLESS PARIS PREPARATORY MEETING ARRIVES AT SOME FORMULA TO AT LEAST AGREE THAT ITEMS 2,3, AND 4 ARE WORLD PROBLEMS, AND INCLUDES THEM ON CONFERENCE AGENDA FOR DISCUSSION. GOV OFFICIALS FULLY REALIZE THAT ALL LDC PROBLEMS CANNOT BE RESOLVED AT CONFERENCE, BUT FOR STRATEGY REASONS RELATING TO THEIR NEW INTERNATIONAL POLICY AND HEMISPHERIC LEADERSHIP ASPIRATIONS, THEY WANT TO BE ABLE TO SAY THAT SOLUTIONS FOR SUCH PROBLEMS ARE BEING PURSUED BY OPEC AND, MORE IMPORTANTLY, BY VENEZUELA.
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